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**RESPONSIBILITY HOUSE**

**FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**June 30, 2000**

**Under provisions of state law, this report is a public document. A copy of this report has been provided to the entity and the report is available to the public. The report is available to the public at the Louisiana State Capitol, Room 1000, Baton Rouge office of the Legislative Auditor, or where appropriate, at the office of the parish clerk of court.**

**Release Date DEC 13 2000**

**CASCIO, DAVIS & SCHMIDT, LLP  
Certified Public Accountants**

## RESPONSIBILITY HOUSE

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CD&S

CASCIO, DAVIS & SCHMIDT, LLP

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA  
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MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors  
Responsibility House

We have audited the accompanying statement of financial position of Responsibility House (a nonprofit corporation) as of June 30, 2000, and the related statements of activities, activities by program, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Responsibility House as of June 30, 2000, and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

We have also issued our report dated October 25, 2000, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

*Cascio, Davis & Schmidt, LLP*

Metairie, Louisiana  
October 25, 2000

RESPONSIBILITY HOUSE  
STATEMENT OF FINANCIAL POSITION

June 30, 2000

ASSETS

CURRENT ASSETS

Cash	\$ 97,269	
Grants receivable (Note B)	41,933	
Prepaid expenses	<u>5,920</u>	

Total current assets		145,122
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PROPERTY AND EQUIPMENT (Notes A and C)

Automotive equipment	39,846	
Furniture, equipment and appliances	29,053	
Leasehold improvements	<u>1,442</u>	
	70,341	
Less accumulated depreciation	<u>28,804</u>	41,537

OTHER ASSETS

Deposits	1,000	
Other	<u>1,906</u>	<u>2,906</u>

Total assets		\$ <u>189,565</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Note payable, bank	\$	446
Current maturities of long-term obligations		5,904
Accrued liabilities		<u>5,612</u>
Total current liabilities		11,962

LONG-TERM OBLIGATIONS, less current  
maturities (Note C)

17,218

Total liabilities	29,180
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NET ASSETS (Note A)

Unrestricted	69,340
Temporarily restricted	<u>91,045</u>

Total Net Assets	<u>160,385</u>
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Total liabilities and net assets	\$ <u>189,565</u>
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The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2000

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES			
Grants	\$ -	\$ 316,962	\$ 316,962
Client service fees	42,243	-	42,243
Other	1,472	-	1,472
Net assets released from restriction	<u>230,917</u>	<u>(230,917)</u>	<u>-</u>
Total Revenues	<u>274,632</u>	<u>86,045</u>	<u>360,677</u>
EXPENSES			
Personal services	127,200	-	127,200
Fringe benefits	11,295	-	11,295
Travel	1,565	-	1,565
Operating services	91,396	-	91,396
Supplies	12,414	-	12,414
Professional services	6,778	-	6,778
Depreciation	<u>4,094</u>	<u>-</u>	<u>4,094</u>
Total Expenses	<u>254,742</u>	<u>-</u>	<u>254,742</u>
INCREASE IN NET ASSETS	19,890	86,045	105,935
NET ASSETS, BEGINNING OF YEAR	<u>49,450</u>	<u>5,000</u>	<u>54,450</u>
NET ASSETS, END OF YEAR	\$ <u><u>69,340</u></u>	\$ <u><u>91,045</u></u>	\$ <u><u>160,385</u></u>

The accompanying notes are an integral part of this statement.

# RESPONSIBILITY HOUSE

## STATEMENT OF ACTIVITIES BY PROGRAM

Year Ended June 30, 2000

	PROGRAM SERVICES				SUPPORTING SERVICES	TOTAL
	Primary Treatment	Independent Living	HOPWA	Supportive Housing	Management & General	
REVENUE						
Grants	\$ 119,180	\$ 65,125	\$ 21,957	\$ 15,977	\$ -	\$ 316,962
Client service fees	-	-	-	-	42,243	42,243
Other	-	-	-	-	1,472	1,472
Total Revenue	\$ 119,180	\$ 65,125	\$ 21,957	\$ 15,977	\$ 43,715	\$ 360,677
EXPENSES						
Personal services	65,157	40,079	9,327	8,054	1,267	127,200
Fringe benefits	5,758	3,536	713	794	132	11,295
Travel	1,276	198	91	-	-	1,565
Operating services	39,385	10,954	9,488	3,457	28,112	91,396
Supplies	4,775	1,706	982	987	3,964	12,414
Professional services	2,568	2,673	1,215	-	322	6,778
Depreciation	-	-	-	-	4,094	4,094
	118,919	59,146	21,816	13,292	37,891	254,742
EXCESS OF REVENUE OVER EXPENSES BEFORE EQUIPMENT ACQUISITIONS	261	5,979	141	2,685	5,824	105,935
EQUIPMENT ACQUISITIONS	( 261)	( 5,979)	( 141)	( 2,685)	-	( 9,066)
EXCESS OF REVENUE OVER EXPENDITURES	-	-	-	-	5,824	96,869
EQUIPMENT ACQUISITIONS CAPITALIZED						9,066
INCREASE IN NET ASSETS						\$ 105,935



RESPONSIBILITY HOUSE  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2000

CASH FLOWS FROM OPERATING ACTIVITIES		
Grant revenue	\$ 288,833	
Client service fees	42,243	
Other	<u>1,472</u>	
	332,548	
Payments to employees and suppliers	(248,856)	
Interest expense	( <u>497</u> )	
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ 83,195
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	( <u>33,774</u> )	
NET CASH USED IN INVESTING ACTIVITIES		(33,774)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from vehicle loan	20,117	
Payments on bank and vehicle loan	( <u>5,519</u> )	
NET CASH PROVIDED BY FINANCING ACTIVITIES		<u>14,598</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		64,019
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>33,250</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		\$ <u>97,269</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase in net assets		\$ 105,935
Adjustments to reconcile increase in net assets provided by operating activities:		
Depreciation	\$ 4,094	
(Increase) in operating assets:		
Grants receivable	(28,129)	
Increase in operating liabilities:		
Accrued expenses	<u>1,295</u>	
Total adjustments		( <u>22,740</u> )
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ <u>83,195</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE  
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the Corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Nature of Activities

Responsibility House is a private, non-profit Halfway House and three quarterway house for the treatment of adult, chemically dependent males, and began operations of a supportive housing program in May 2000. The accompanying financial statements present all programs operated by Responsibility House during the year ended June 30, 2000.

2. Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting.

The Corporation's financial statements are presented in accordance with the requirements of Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made. Contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support, depending on the existence or nature of any donor restrictions. The financial statements are also in accordance with SFAS 117, Financial Statements of Not-for-Profit Organizations. Under SFAS 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Corporation does not have any permanently restricted net assets at June 30, 2000.

3. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



# RESPONSIBILITY HOUSE

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

### NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

#### 4. Property and Equipment

Property and equipment acquired by Responsibility House are considered to be owned by Responsibility House. However, State and Federal funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State and Federal governments have a reversionary interest in those assets purchased with its funds which have a cost of \$250 or more.

Property and equipment acquired with grant funding during the year ended June 30, 2000 amounted to \$9,066.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Responsibility House follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$250. Depreciation is computed using the straight-line basis over the useful lives of the assets, generally as follows:

Automotive equipment	4	years
Furniture, equipment and appliances	5 - 7	years
Leasehold improvements	51	months

Depreciation amounted to \$4,094 for the year ended June 30, 2000.

#### 5. Income Taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

#### 6. Revenue Recognition

Grant revenue is recognized as it is earned in accordance with approved contracts. All other revenues are recognized as received.

# RESPONSIBILITY HOUSE

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

### NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

#### 7. Cash Equivalents

For the purpose of the statement of cash flows, the Corporation considers all investments with original maturities of three months or less to be cash equivalents.

### NOTE B - GRANTS RECEIVABLE

Grants receivable from Jefferson Parish Human Services Authority, City of New Orleans (HOPWA grant), and the HUD Supportive Housing grants represent the amount of funds awarded and earned but not received at June 30, 2000, as scheduled below:

	<u>Jefferson Parish Human Services Authority</u>		<u>HOPWA Grant</u>	<u>HUD SHP Grant</u>	<u>Total</u>
	<u>Grant No. 1</u>	<u>Grant No. 2</u>			
Funds awarded and earned through June 30, 2000	\$ 119,180	\$ 65,126	\$ 21,957	\$ 15,977	\$ 222,240
Funds received through June 30, 2000	<u>112,308</u>	<u>55,236</u>	<u>12,763</u>	<u>-</u>	<u>180,307</u>
Grants receivable at June 30, 2000	\$ <u>6,872</u>	\$ <u>9,890</u>	\$ <u>9,194</u>	\$ <u>15,977</u>	\$ <u>41,933</u>

All receivables at June 30, 2000 are considered collectible, accordingly, an allowance for doubtful accounts is not presented.

# RESPONSIBILITY HOUSE

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

### NOTE C - LONG-TERM OBLIGATIONS

Long-term automotive equipment obligations are payable \$492 per month through May 2004, with interest at 8% \$ 23,122

Less current maturities 5,904  
\$ 17,218

Aggregate maturities are as follows:

Year ended	June 30, 2001	\$ 5,904
	June 30, 2002	5,904
	June 30, 2003	5,904
	June 30, 2004	<u>5,410</u>
		\$ <u>23,122</u>

Interest expense for the year amounted to \$497.

### NOTE D - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the programs and activities have been summarized on a functional basis. Certain costs have been allocated among the programs and supporting services based on actual services rendered or on a usage basis.

### NOTE E - OPERATING LEASE COMMITMENT

The Corporation entered into an operating lease November 1, 1996, for client and office facilities, expiring June 30, 2001. The lease can be terminated on June 30 of each year depending upon funding. The rental shall be \$4,000 monthly through June 30, 2001. Rental expense for the year ended June 30, 2000 amounted to \$48,000 for this lease, plus \$2,452 for other facilities; \$50,452 total for the year.

### NOTE F - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation was paid to any board member.

### NOTE G - ECONOMIC DEPENDENCY

The Corporation receives a substantial amount of its revenue from funds provided through grants administered by the State of Louisiana. The grant amounts are appropriated each year by the State of Louisiana. If significant budget cuts are made at the State level, the amount of the funds the organization receives could be reduced significantly and have an adverse impact on its operation. At the time of completion of the examination of the Corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the organization will receive in the next fiscal year.

FRANCIS J. CASCIO, CPA  
JAN E. DAVIS, CPA  
STEVEN A. SCHMIDT, CPA

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PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Responsibility House

We have audited the financial statements of Responsibility House (a nonprofit corporation) as of and for the year ended June 30, 2000, and have issued our report thereon dated October 25, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Responsibility House's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Responsibility House's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being



audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cassio, Davis & Schmidt, LLP.*

Metairie, Louisiana  
October 25, 2000

RESPONSIBILITY HOUSE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2000

AUDIT FINDINGS

There were no prior year or current year audit findings.

QUESTIONED COSTS

There were no questioned costs.

MANAGEMENT LETTER

A management letter was not issued for the year ended June 30, 2000.